

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

STATE CONTROLLER PROVIDES UPDATE ON ESCROW LAWSUIT IMPACT IN SAN DIEGO COUNTY

\$2.2 Million Remitted to Controller by Local Title and Escrow Companies

SAN DIEGO, November 18, 1999—State Controller Kathleen Connell today reported that her office's statewide audit effort against California's title and escrow industry is progressing well and eventually will result in the recovery of millions of dollars for California home and business owners. She is scheduled to make a major announcement on the escrow lawsuit shortly to report on the specific results of her audit effort to date. Currently, 17 title and escrow companies with branch offices in San Diego County are in the process of being audited or will soon be audited.

"The audit results to date support our lawsuit contention that title and escrow companies systematically cheated California home and business owners out of millions of dollars in escrow proceeds," said Connell. "I am committed to the recovery of every cent illegally withheld," she added.

In San Diego County, the 17 title and escrow companies that are subject to the Controller's audit include the following: American Title Co., Benefit Land Title Co., Chicago Title Co., Commonwealth Land Title Co., Fidelity National Title Insurance Co., First American Title Co., Gateway Title Co., Keystone Escrow, Inc., LandSafe Title of California, Lawyers Title Co., North American Title Co., Inc., Northern Counties Title Insurance Co., Old Republic Title Co., Rancho San Pedro Escrow, South Coast Title Co., Spring Mountain Escrow, and Stewart Title of California, Inc. To date, these companies have voluntarily remitted approximately \$2.2 million to the State (see attached listing). Additional escrow and title companies in the San Diego area are in the process of being audited or will soon be audited.

“Although I am encouraged by the apparent willingness by some of the companies to cooperate by voluntarily remitting funds to the State, I am convinced that the final audit outcome will show that the amount owed is much higher, perhaps as much as \$500 million statewide,” said Connell.

The statewide audit effort by the State Controller's Office stems from Connell's filing of a class action lawsuit in May of this year on behalf of consumers against California's title insurance and escrow industries for numerous illegal actions in the administering of escrow accounts from 1970 to the present.

The suit alleges that title and escrow companies illegally held dormant and unclaimed escrow funds, retained fees charged to home buyers for services not rendered and retained interest on deposited escrow funds that should have been returned to their customers.

Controller Connell spoke in San Diego before the League of California Cities.

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For more information visit our Web site at <http://www.sco.ca.gov>

San Diego County Operating Escrow and Title Companies That Voluntarily Remitted Funds to State Controller's Office

Since the filing of the lawsuit on May 19, 1999, the State Controller's Office has received \$2,190,808.49 from the title and escrow companies listed below.

<u>Holder</u>	<u>Amount Received</u>
American Title Company	\$379.33
Benefit Land Title Company	\$12,231.57
Chicago Title Company	\$143,010.77
Commonwealth Land Title Company	\$296,237.40
Fidelity National Title Insurance Company	\$20,661.75
First American Title Company	\$29,506.73
Gateway Title Company	\$38,452.14
Keystone Escrow, Inc.	801.58
LandSafe Title of California	\$1,612.42
Lawyer Title Company	\$201,421.72
North American Title Company Inc.	\$29,646.80
Northern Counties	\$100.00
Old Republic Title Company	\$419,947.24
Rancho San Pedro Escrow	\$147.48
South Coast Title Company	\$2,926.70
Spring Mountain Escrow	\$519,486.61
Stewart Title of California, Inc.	474,238.25
Total Received:	\$2,190,808.49